



[4830-01-p]

## DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9761]

RIN 1545-BM88

Inversions and Related Transactions; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final and temporary regulations; correcting amendment.

SUMMARY: This document contains corrections to a correction document for final and temporary regulations (TD 9761) that was published in the **Federal Register** on June 23, 2016 (81 FR 40810).

DATES: This correction is effective on **INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER** and applicable on June 23, 2016.

FOR FURTHER INFORMATION CONTACT: Rose E. Jenkins at (202) 317-6934 (not a toll free number).

### SUPPLEMENTARY INFORMATION:

#### **Background**

The final and temporary regulations (TD 9761) that are the subject of this correction are under sections 304, 367, 956, 7701(l), and 7874 of the Internal Revenue Code.

#### **Correction of Publication**

In correcting amendment FR Doc. 2016-14649, published in the issue of Thursday, June 23, 2016 (81 FR 40810), make the following correction:

On page 40811, in the first column, remove amendatory instruction 6.

## **List of Subjects in 26 CFR Part 1**

Income taxes, Reporting and recordkeeping requirements.

Accordingly, 26 CFR part 1 is corrected by making the following correcting amendments:

### **PART 1—INCOME TAXES**

Paragraph 1. The authority citation for part 1 continues to read in part as follows:

Authority: 26 U.S.C. 7805 \* \* \*

Par. 2. Section 1.956-2T is amended by revising the first sentence of paragraph (a)(4)(iv) Example 3.(A), the second sentence of paragraph (a)(4)(iv) Example 3.(B), and the third sentence of paragraph (a)(4)(iv) Example 4.(B) to read as follows:

#### **§ 1.956-2T Definition of United States property (temporary).**

\* \* \* \* \*

(a) \* \* \*

(4) \* \* \*

(iv) \* \* \*

Example 3. (A) Facts. Before the inversion transaction, FA also wholly owns USP, a domestic corporation, which, in turn, wholly owns, LFS, a foreign corporation that is a controlled foreign corporation. \* \* \*

(B) \* \* \* Because LFS was a controlled foreign corporation and a member of the EAG with respect to the inversion transaction on the completion date, and DT was not a United States

shareholder with respect to LFS on or before the completion date, LFS is excluded from the definition of expatriated foreign subsidiary pursuant to §1.7874-12T(a)(9)(ii). \* \* \*

Example 4. \* \* \*

(B) \* \* \* Because LFSS was not a member of the EAG with respect to the inversion transaction on the completion date, LFSS is not excluded from the definition of expatriated foreign subsidiary pursuant to §1.7874-12T(a)(9)(ii). \* \* \*

\* \* \* \* \*

Par.3. Section 1.7874-8T is amended by revising the ninth sentence of paragraph (h)

Example 3.(ii) to read as follows:

**§ 1.7874-8T Disregard of certain stock attributable to multiple domestic entity acquisitions (temporary).**

\* \* \* \* \*

(h) \* \* \*

Example 3. \* \* \*

(ii) \* \* \* Accordingly, the excluded amount is \$112.50x, calculated as 150 (200, the total number of prior acquisition shares, less 50, the allocable redeemed shares) multiplied by \$0.75x (the fair market value of a single share of FA stock on the completion date with respect to the DT2 acquisition). \* \* \*

\* \* \* \* \*

Martin V. Franks  
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